

VILLAGE OF DODSON

FINANCIAL REPORT
JUNE 30, 2015

SHANNA JONES, CPA
WINNFIELD, LOUISIANA

VILLAGE OF DODSON
FINANCIAL REPORT
JUNE 30, 2015

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Village of Dodson

P. O. Box 86
Dodson, LA 71422

MANAGEMENT'S DISCUSSION & ANALYSIS

The Management's Discussion and Analysis of the Village of Dodson's (the Village) financial performance presents a narrative overview and analysis of Village of Dodson's financial activities for the years ended June 30, 2015 and 2014. The Village's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

FINANCIAL HIGHLIGHTS

The Village's net position on June 30, 2015 was \$2,183,610 and \$2,281,475 on June 30, 2014. The net position is made up largely of Capital assets. The Village has \$1,722,870 in Capital Assets as of June 30, 2015 with no debt associated with it.

During fiscal year ended June 30, 2015 an increase of \$33,740 over prior year expenses was noted in Governmental Expenditures. Personnel and Related Benefits continue to be the highest costs of the General Government along with Capital Outlay. In the Business-type activities Operating Expenses are higher than prior year by \$6,995. These expenses continue to exceed charges for the water and sewer services, causing a loss for the Village. The Business-type activities also had state grant monies receivable as of June 30, 2015 in the amount of \$12,181 for reimbursement of operating repair expenditures made during the fiscal year.

OVERVIEW OF FINANCIAL STATEMENTS

The basic financial statements include government-wide financial statements and fund financial statements. These two types of financial statements present the Village of Dodson's financial position and results of operations from differing perspectives which are described as follows:

GOVERNMENTAL-WIDE FINANCIAL STATEMENTS—This report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. These statements tell how the services were financed in the short-term as well as what remains for future spending.

FUND FINANCIAL STATEMENTS—A fund is an accountability unit used to maintain control over resources segregated for specific activities. The Village uses funds to ensure and demonstrate compliance with finance related laws and regulations. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources at the end of the year.

As the Government-wide Financial Statements includes the long-term view, comparisons between these two views may provide insight into the long-term impact as short-term financing decreases. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the difference between these two views.

Village of Dodson

MANAGEMENT'S DISCUSSION & ANALYSIS (continued)

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents Other Required Supplementary Information consisting of a comparison of budgeted revenues and expenditures to actual revenues and expenditures.

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the Village as a whole.

A summary of the basic government-wide financial statements is as follows:

Summary of Statement of Net Position

| | 2015 | | 2014 | |
|----------------------------|-------------------|---------------------|-------------------|---------------------|
| | Governmental | Business-type | Governmental | Business-type |
| Assets: | | | | |
| Current | \$ 405,495 | \$ 92,394 | \$ 425,560 | \$ 140,885 |
| Non-Current: | | | | |
| Capital Assets (Net) | 400,010 | 1,322,860 | 393,334 | 1,376,931 |
| Total Assets | 805,505 | 1,415,254 | 818,894 | 1,517,816 |
| Liabilities: | | | | |
| Current: | | | | |
| Unrestricted | 21,899 | 3,470 | 39,067 | 1,989 |
| Restricted | - | 11,780 | - | 14,179 |
| Total Liabilities | 21,899 | 15,250 | 39,067 | 16,168 |
| Net Position: | | | | |
| Invested in Capital Assets | 400,010 | 1,322,860 | 393,334 | 1,376,931 |
| Restricted | - | 11,780 | - | 14,179 |
| Unrestricted | 383,596 | 65,364 | 386,493 | 110,538 |
| Total Net Position | \$ 783,606 | \$ 1,400,004 | \$ 779,827 | \$ 1,501,648 |

Village of Dodson

MANAGEMENT'S DISCUSSION & ANALYSIS (continued)

Rather than present the Statement of Net Activities, this comparative data shows a Summary of Changes in of Net Position:

| | 2015 | | 2014 | |
|---|--------------|---------------|--------------|---------------|
| | Governmental | Business-type | Governmental | Business-type |
| Revenues: | | | | |
| Program Revenues— | | | | |
| Charges for Services, Fines, Commissions | \$ 460,553 | \$ 99,580 | \$ 387,063 | \$ 77,776 |
| Operating Grants & Contributions | - | 12,181 | - | - |
| Capital Grants & Contributions | - | - | 184,412 | 39,915 |
| General Revenues— | | | | |
| Ad Valorem Taxes | 7,852 | - | 7,978 | 6,573 |
| Franchise Taxes | 7,121 | - | 8,124 | - |
| Rental Income | 4,925 | - | 5,100 | - |
| Licenses & Fees | 18,074 | - | 17,181 | - |
| Disposal of Assets | - | - | (240) | - |
| Interest & Miscellaneous | 12,635 | 66 | 2,316 | 6,501 |
| Total Revenues | 511,160 | 111,827 | 611,934 | 130,765 |
| Expenditures: | | | | |
| General Government | 421,323 | - | 382,351 | - |
| Public Safety | 129,902 | - | 130,092 | - |
| Public Works | 15,553 | - | 20,595 | - |
| Operating | - | 154,074 | - | 147,079 |
| Total Expenditures | 566,778 | 154,074 | 533,038 | 147,079 |
| Excess (Deficiency) of Revenues over (under) Expenditures | (55,618) | (42,247) | 78,896 | (16,314) |
| Other Financing Sources Uses: | | | | |
| Transfers from Other Funds | 59,397 | - | - | 2,425 |
| Transfers to Other Funds | - | (59,397) | (2,425) | - |
| Total Other Financing Sources (Uses) | 59,397 | (59,397) | (2,425) | 2,425 |
| Changes in Net Position | \$ 3,779 | \$ (101,644) | \$ 76,471 | \$ (13,889) |

Village of Dodson

MANAGEMENT'S DISCUSSION & ANALYSIS (continued)

FUNCTIONS OF EXPENSES

The total functions of the Village include general governmental activities, public safety and public works. In the business-type activities water and sewer services are provided.

GENERAL BUDGETARY HIGHLIGHTS

For the year ended June 30, 2015, total revenues and total expenditures were within the variance allowed by state law. Actual Revenues exceeded Budgeted Revenues by \$113,660 favorable variance. Although Actual Expenditures exceeded Budgeted Expenditures by \$5,954 causing an unfavorable variance, the variance was less than the 5% allowed.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Village has prepared its fiscal year ended June 30, 2016 budget for the General Fund on the assumptions that revenues and expenditures will remain fairly consistent next year. Revenues and expenditures for the Proprietary Fund should also remain consistent during the next fiscal year.

CONTACTING THE VILLAGE

This financial report is designed to provide a general overview of the Village's finances, compliance with governmental financial reporting laws and regulations and demonstrate the Village's commitment to public accountability. If you have additional questions about this report or would like to request additional information, contact the Village of Dodson, P. O. Box 86, Dodson, LA 71422.

Shanna Jones, CPA

*795 Big Creek Rd
Winnfield, LA 71483
792-8544*

INDEPENDENT AUDITOR'S REPORT

To the Mayor & Aldermen
of the Village of Dodson
P.O. Box 86
Dodson, Louisiana

I have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of Village of Dodson, Louisiana as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the U.S. and the *Louisiana Governmental Audit Guide*. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluation of the overall financial statement presentation.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a reasonable basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund, of the Village of Dodson as of June 30, 2015, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the U.S. require that Management's Discussion and Analysis and the Budgetary Comparison Schedules on pages M-1 through M-4 and page 26 to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statement in appropriate operation, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the U.S., which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Act 706 of the Louisiana 2014 Legislative Session requires a Schedule of Compensation, Reimbursements, Benefits and Other Payments to Agency Head, Political Subdivision Head or Chief Executive Officer supplement the financial statements. I have applied certain limited procedures to the required supplementary information presented on page 27, in accordance with auditing standards generally accepted in the U.S., which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued a reported dated September 25, 2015, on my consideration of the Village of Dodson's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Village of Dodson's internal control over financial reporting and compliance.

Shanna Jones

Shanna Jones, CPA
Winnfield, Louisiana
September 25, 2015

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

VILLAGE OF DODSON
STATEMENT OF NET POSITION
JUNE 30, 2015

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|---|------------------------------------|-------------------------------------|---------------------|
| Assets: | | | |
| Current Assets: | | | |
| Cash & Cash Equivalents | \$ 226,801 | \$ 54,782 | \$ 281,583 |
| Receivables | 174,111 | 25,832 | 199,943 |
| Prepaid Expenses | 4,583 | | 4,583 |
| Restricted Assets—Cash | <u>-</u> | <u>11,780</u> | <u>11,780</u> |
| Total Current Assets | 405,495 | 92,394 | 497,889 |
| Non-Current Assets: | | | |
| Capital Assets | | | |
| Depreciable (Net) | 394,510 | 1,322,860 | 1,717,370 |
| Non-Depreciable | <u>5,500</u> | <u>-</u> | <u>5,500</u> |
| Total Non-Current Assets | <u>400,010</u> | <u>1,322,860</u> | <u>1,722,870</u> |
| Total Assets | <u>805,505</u> | <u>1,415,254</u> | <u>2,220,759</u> |
| Liabilities: | | | |
| Current Liabilities: | | | |
| Accounts Payable | 8,648 | 3,470 | 12,118 |
| Payroll & Related Liabilities | 13,251 | - | 13,251 |
| Restricted Liabilities—Customers’ Deposits | <u>-</u> | <u>11,780</u> | <u>11,780</u> |
| Total Current Liabilities | <u>21,899</u> | <u>15,250</u> | <u>37,149</u> |
| Net Position: | | | |
| Invested in Capital Assets | 400,010 | 1,322,860 | 1,722,870 |
| Restricted | - | 11,780 | 11,780 |
| Unrestricted | <u>383,596</u> | <u>65,364</u> | <u>448,960</u> |
| Total Net Position | <u>\$ 783,606</u> | <u>\$ 1,400,004</u> | <u>\$ 2,183,610</u> |

The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF DODSON
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

| Program Activities | Expenses | Program Revenue | | Net (Expense) Revenue & Changes in Net Position | | |
|----------------------------------|-------------------|--|--|---|-----------------------------|---------------------|
| | | Fines, Fees, Commissions & Charges for Services | Operating Grants & Contributions | Governmental Activities | Business-type Activities | Total |
| Governmental Activities: | | | | | | |
| General & Admin | \$ 421,323 | \$ 2,300 | \$ - | \$ (419,023) | | \$ (419,023) |
| Public Safety | 129,902 | 458,253 | | 328,351 | | 328,351 |
| Public Works | <u>15,553</u> | <u>-</u> | | <u>(15,553)</u> | | <u>(15,553)</u> |
| Total Governmental | <u>566,778</u> | <u>460,553</u> | <u>-</u> | <u>(106,225)</u> | | <u>(106,225)</u> |
| Business-type Activities: | | | | | | |
| Water | 61,968 | 66,348 | - | | \$ 4,380 | 4,380 |
| Sewer | <u>92,106</u> | <u>33,232</u> | <u>12,181</u> | | <u>(46,693)</u> | <u>(46,693)</u> |
| Total Business-type | <u>\$ 154,074</u> | <u>\$ 99,580</u> | <u>\$ 12,181</u> | | <u>(42,313)</u> | <u>(42,313)</u> |
| General Revenues: | | | | | | |
| Taxes: | | | | | | |
| | | | | 7,852 | | 7,852 |
| | | | | 7,121 | | 7,121 |
| | | | | 18,074 | | 18,074 |
| | | | | 4,925 | | 4,925 |
| | | | | 240 | 66 | 306 |
| | | | | 12,395 | | 12,395 |
| | | | | <u>59,397</u> | <u>(59,397)</u> | <u>-</u> |
| | | | | <u>110,004</u> | <u>(59,331)</u> | <u>50,673</u> |
| | | | | 3,779 | (101,644) | (97,865) |
| | | | | <u>779,827</u> | <u>1,501,648</u> | <u>2,281,475</u> |
| | | | | <u>\$ 783,606</u> | <u>\$ 1,400,004</u> | <u>\$ 2,183,610</u> |

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS

VILLAGE OF DODSON
BALANCE SHEET—GOVERNMENTAL FUNDS
JUNE 30, 2015

| | <u>Major Fund General</u> |
|-----------------------------------|-----------------------------------|
| Assets: | |
| Current Assets: | |
| Cash & Cash Equivalents | \$ 226,801 |
| Receivables | 174,111 |
| Prepaid Expenses | <u>4,583</u> |
| Total Assets | <u><u>405,495</u></u> |
| Liabilities: | |
| Current Liabilities: | |
| Accounts Payable | 8,648 |
| Payroll & Related Liabilities | <u>13,251</u> |
| Total Liabilities | <u>21,899</u> |
| Fund Balances: | |
| Nonspendable | 4,583 |
| Unassigned | <u>379,013</u> |
| Total Fund Balances | <u>383,596</u> |
| Total Liabilities & Fund Balances | <u><u>\$ 405,495</u></u> |

The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF DODSON
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015

| | | |
|---|-------------------|-------------------|
| Total Fund Balances for the Governmental Funds at June 30, 2015 | | \$ 383,596 |
| Total Net Position reported for Governmental Activities in the Statement of Net Position is different because: | | |
| Capital Assets used in Governmental Activities are not financial resources and, therefore, are not reported in the fund. Those assets consist of: | | |
| Non-Depreciable | 5,500 | |
| Depreciable | 984,537 | |
| Less: Accumulated Depreciation | <u>(590,027)</u> | <u>400,010</u> |
| Total Net Position of Governmental Activities at June 30, 2015 | | <u>\$ 783,606</u> |

The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF DODSON
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES—GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

| | <u>Major Fund General</u> |
|--|-----------------------------------|
| Revenues: | |
| Taxes: | |
| Ad Valorem | \$ 7,852 |
| Franchise | 7,121 |
| Licenses & Permits | 18,074 |
| Fines & Forfeitures | 458,253 |
| Charges for Services | 2,300 |
| Miscellaneous: | |
| Interest Earned | 240 |
| Rent | 4,925 |
| Other | <u>12,395</u> |
| Total Revenues | <u>511,160</u> |
| Expenditures: | |
| Current: | |
| General Government | 397,231 |
| Public Safety | 113,635 |
| Public Works | 1,902 |
| Capital Outlay | <u>60,686</u> |
| Total Expenditures | <u>573,454</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>(62,294)</u> |
| Other Financing Sources/(Uses): | |
| Transfers In | <u>59,397</u> |
| Excess (Deficiency) of Revenues & Other Financing Sources over Expenditures & Other Financing Uses | <u>(2,897)</u> |
| Fund Balances—Beginning of Year | <u>386,493</u> |
| Fund Balances—End of Year | <u><u>\$ 383,596</u></u> |

The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF DODSON
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

| | |
|--|------------------|
| Net Change in Fund Balances—Governmental Funds | \$ (2,897) |
| <p>Amounts reported for Governmental Activities in the Statement of Activities are different because:</p> | |
| <p>Governmental Funds report Capital Outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives as depreciation expense. The cost of Capital Assets recorded in the current period is</p> | |
| | 60,686 |
| <p>Depreciation expense on Capital Assets is reported in the Government-wide Financial Statements, but does not require the use of current financial resources and is not reported in the Fund Financial Statements. Current year depreciation expense is</p> | |
| | <u>(54,010)</u> |
| Net Change in Net Position per Statement of Activities | <u>\$ 3,779</u> |

The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF DODSON
STATEMENT OF NET POSITION—PROPRIETARY FUND
JUNE 30, 2015

Assets:

Current Assets:

| | |
|------------------------------------|---------------|
| Cash & Cash Equivalents | \$ 54,782 |
| Receivables, Net | 25,832 |
| Restricted—Cash & Cash Equivalents | <u>11,780</u> |
| Total Current Assets | <u>92,394</u> |

Non-Current Assets:

| | |
|-----------------------------------|------------------|
| Capital Assets | |
| Depreciable (Net of Depreciation) | 1,322,860 |
| Non-Depreciable | <u>-</u> |
| Total Non-Current Assets | <u>1,322,860</u> |

| | |
|--------------|------------------|
| Total Assets | <u>1,415,254</u> |
|--------------|------------------|

Liabilities:

Current Liabilities:

| | |
|--|---------------|
| Accounts Payable | 3,470 |
| Restricted Liabilities—Customer Deposits | <u>11,780</u> |

| | |
|-------------------|---------------|
| Total Liabilities | <u>15,250</u> |
|-------------------|---------------|

Net Position:

| | |
|--|---------------|
| Invested in Capital Assets, Net of Related Debt | 1,322,860 |
| Restricted | 11,780 |
| Unrestricted | <u>65,364</u> |

| | |
|--------------------|---------------------|
| Total Net Position | <u>\$ 1,400,004</u> |
|--------------------|---------------------|

The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF DODSON
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION—PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2015

Operating Revenues:

Charges for Services

| | |
|-------|---------------|
| Water | \$ 66,348 |
| Sewer | <u>33,232</u> |

| | |
|--------------------------|---------------|
| Total Operating Revenues | <u>99,580</u> |
|--------------------------|---------------|

Operating Expenses:

| | |
|-----------------------|--------|
| Water | |
| Operating Supplies | 21,341 |
| Telephone & Utilities | 10,351 |
| Depreciation | 30,276 |

| | |
|-----------------------|---------------|
| Sewer | |
| Operating Supplies | 31,529 |
| Telephone & Utilities | 11,829 |
| Depreciation | <u>48,748</u> |

| | |
|--------------------------|----------------|
| Total Operating Expenses | <u>154,074</u> |
|--------------------------|----------------|

| | |
|-----------------------------|------------------|
| Net Operating Income/(Loss) | <u>(54,494)</u> |
|-----------------------------|------------------|

Non-Operating Revenues (Expenses):

| | |
|---------------------|---------------|
| Investment Interest | 66 |
| Grant Income | <u>12,181</u> |

| | |
|---|---------------|
| Total Non-Operating Revenues (Expenses) | <u>12,247</u> |
|---|---------------|

| | |
|---------------------------|------------------|
| Net Loss before Transfers | <u>(42,247)</u> |
|---------------------------|------------------|

Contributions & Transfers:

| | |
|---------------|------------------|
| Transfers Out | <u>(59,397)</u> |
|---------------|------------------|

| | |
|-----------------------------|-------------------|
| Change in Fund Net Position | <u>(101,644)</u> |
|-----------------------------|-------------------|

| | |
|-------------------------------------|------------------|
| Fund Net Position—Beginning of Year | <u>1,501,648</u> |
|-------------------------------------|------------------|

| | |
|-------------------------------|---------------------|
| Fund Net Position—End of Year | <u>\$ 1,400,004</u> |
|-------------------------------|---------------------|

The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF DODSON
STATEMENT OF CASH FLOWS—PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2015

| | |
|---|------------------|
| Cash Flows from Operating Activities: | |
| Receipts from Customers | \$ 98,348 |
| Receipts from Customer Deposits | (2,087) |
| Payments to Suppliers | (73,569) |
| Payments, Netted for Interfund Borrowing, General Fund | <u>51,791</u> |
| Net Cash Provided by Operating Activities | <u>74,483</u> |
| Cash Flows from Non-Capital & Related Financing Activities: | |
| Transfers to Other Funds | <u>(59,397)</u> |
| Net Cash (Used) by Non-Capital & Related Financing Activities | <u>(59,397)</u> |
| Cash Flows from Capital & Related Financing Activities: | |
| Assets Purchased | (92,669) |
| Decrease in Construction in Progress | <u>67,717</u> |
| Net Cash (Used) by Capital & Related Financing Activities | <u>(24,952)</u> |
| Cash Flows from Investing Activities: | |
| Interest Earned on Operating Accounts | <u>66</u> |
| Net Cash Provided by Investing Activities | <u>66</u> |
| Net Increase (Decrease) in Cash & Cash Equivalents | (9,800) |
| Cash & Cash Equivalents—Beginning of Year | <u>64,582</u> |
| Cash & Cash Equivalents—End of Year | <u>\$ 54,782</u> |
| Reconciliation of Operating Income to Net Cash Provided by Operating Activities: | |
| Operating Activities: | |
| Operating Income/(Loss) | \$ (101,644) |
| Adjustments to Reconcile Operating Income to | |
| Net Cash Provided by Operating Activities: | |
| Depreciation | 79,024 |
| Changes in Assets & Liabilities: | |
| (Increase)/Decrease in Accounts Receivable, Net | (13,412) |
| (Increase)/Decrease in Due From General Fund | 51,791 |
| (Increase)/Decrease in Transfer from General Fund | 59,397 |
| (Increase)/Decrease in Customer Deposits | (2,153) |
| Increase/(Decrease) in Accounts Payable | <u>1,480</u> |
| Net Cash Provided by Operating Activities | <u>\$ 74,483</u> |

The accompanying notes are an integral part of the basic financial statements.

NOTES TO FINANCIAL STATEMENTS

VILLAGE OF DODSON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1—INTRODUCTION

The Village of Dodson, Louisiana, is incorporated under the Lawrason Act with a Mayor-Board of Aldermen form of government. The executive branch of government is headed by the Mayor and the legislative branch consists of three Aldermen.

This report includes all funds which are controlled by or dependent on the Village of Dodson, Louisiana's executive and legislative branches (the Mayor and Aldermen). Control by or dependence on the Village of Dodson, Louisiana was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of government body, and other general oversight responsibility.

The Village's operations include police protection, fire protection, and general and administrative services. In addition, the Village operates a Utility System which provides water and sewer services.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Village is the basic level of government which has financial accountability and control over all activities related to the Village operations and services provided. The Village is not included in any other governmental "reporting entity" as defined by GASB pronouncements, since the Village Mayor and Board of Aldermen are elected by the public and have decision making authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units as defined in Governmental Accounting Standards Board Statement No. 61, which are included in the Village's reporting entity.

Basis of Presentation

Government-Wide Financial Statements (GWFS):

GASB Statement No. 63 changed the title of Net Assets to Net Position along with standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. As required the Village has implemented GASB Statement No. 63.

The Statement of Net Position and Statement of Activities report information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

VILLAGE OF DODSON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Village's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) fees and charges paid by the recipient for goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements (FFS):

The accounts of the Village are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The various funds of the Village are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria: a) total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or proprietary fund are at least 10 percent of the corresponding total for all funds of that category or type; and b) total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the Village are described as follows:

Governmental Funds:

General Fund—The General Fund, is the principal fund and is used to account for the operations of the Village's office. The Village's primary source of revenue is fines and forfeitures. Other major sources of revenue include ad valorem taxes levied by the Village, franchise taxes, licenses and state grants. General operating expenditures are paid from this fund.

Proprietary Fund:

Enterprise Fund—The enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and

VILLAGE OF DODSON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Village reports the general fund and the proprietary fund as major.

Eliminating Internal Activity—Interfund receivables and payables are eliminated in the Statements of Net Position and Balance Sheet except for the net residual amounts due between governmental and business-type activities where they are presented as internal balances. The allocation of overhead expenses from one function to another or within the same function is eliminated in the Statement of Activities. Allocated expenses are reported by the function to which they are allocated.

Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made.

Accrual Basis—Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the Village as a whole. Both of these statements have been prepared using the economic measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the exchange.

Modified Accrual Basis—Fund Financial Statements (FFS)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Village considers all revenues available if they are collected 60 days after year end. Expenditures generally are recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Assets Liabilities and Equity

Cash and Cash Equivalents—The Village's cash is considered to be the cash in demand deposits and interest bearing deposits. Cash equivalents include all short term, highly liquid investments that are readily convertible to known amounts of cash and are so near their maturity that they present insignificant risk of changes in value because of interest rates.

VILLAGE OF DODSON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Capital Assets—The Village reports property and equipment in the governmental activities column in the GWFS. Capital assets are carried at historical or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Village maintains a threshold level of \$1,000 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of that asset or materially extend the life of that asset are not capitalized. In the FFS, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund as acquired. Capital assets in the proprietary fund are accounted for in the same manner as in GWFS.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method. The assets estimated useful lives are as follows:

| | |
|--|--------------|
| Equipment and Vehicles | 5 - 10 years |
| Utility System and Improvements | 40 years |
| Buildings and Improvements | 40 years |
| New Infrastructure (Road Overlay, Asphalt) | 20 years |

Compensated Absences—Employees are not allowed to carry leave forward from year to year, therefore, there is no entry made for compensated absences. In addition, the Village does not provide employee benefits beyond employment.

Equity Classifications—In the Government-Wide Financial Statements, equity is classified as Net Position and displayed in three components as applicable. The components are as follows:

Invested in Capital Assets—Capital assets including restricted capital assets, when applicable, net of accumulated depreciation.

Restricted Net Position—Net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position—All other net position that does not meet the definition of “restricted” or “invested in capital assets.”

When an expense is incurred for the purposes for which both restricted and unrestricted net position is available, management applies unrestricted resources first, unless a determination is made to use restricted net resources. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expense.

VILLAGE OF DODSON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

In the Fund Financial Statements, governmental fund equity is classified as fund balance. The Village has implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- a. Nonspendable fund balance - amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact;
- b. Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- c. Committed fund balance - amounts constrained to specific purposes by a government itself using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- d. Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- e. Unassigned fund balance - amounts that are available for any purpose; positive amounts are reported only in the general fund.

The General Fund, the Village's only major governmental fund, has a nonspendable fund balance of \$4,583 which represents prepaid expenses. The remaining fund balance of \$379,013 is classified as unassigned. If applicable, the Village would typically use restricted fund balances first, followed by committed resources and assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds.

Budget

Prior to the beginning of each fiscal year, the Village adopts a budget for the next fiscal year. The budget is open for public inspection. All budgeted appropriations lapse at the end of each fiscal year. The budget is prepared on the modified accrual basis of accounting.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumpt-

VILLAGE OF DODSON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

ions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3—AD VALOREM TAXES

The Village levies taxes on real and business personal property located within the boundaries of the Village. Property taxes are levied by the Village on property values assessed by the Winn Parish Tax Assessor and approved by the State of Louisiana Tax Commission.

The Village levied the following ad valorem taxes for 2014:

| | <u>Authorized</u> | <u>Levied</u> |
|----------------------------|-------------------|---------------|
| General Corporate Purposes | 6.37 | 6.37 |

The Village recognizes property tax revenues when levied. The property tax calendar is as follows:

Property Tax Calendar

| | |
|----------------------------|----------------------------|
| Assessment Date | January 1 |
| Levy Date | August 31 |
| Tax Bills Mailed | October 15 |
| Total Taxes Due | December 31 |
| Penalties & Interest Added | January 31 of ensuing year |
| Lien Date | January 31 of ensuing year |

NOTE 4—CASH AND CASH EQUIVALENTS

At June 30, 2015, the carrying amount of the Village’s cash and cash equivalents of governmental and enterprise funds (collected bank balances) totaled approximately \$295,400. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent banks. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agents. These securities are held in the name of the pledging fiscal agent banks in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2015, the Village’s deposits were secured from risk by federal deposit insurance of \$250,000 and the remainder by securities pledged in the Village’s name by the fiscal agent bank with a market value greater than the remaining amount.

VILLAGE OF DODSON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 5—REVENUES RECEIVABLE

The following is a summary of receivables as of June 30, 2015:

| | General Fund | Proprietary Fund |
|---------------------|--------------------------|-------------------------|
| Fines & Forfeitures | \$ 165,881 | |
| Taxes—Ad Valorem | 3,871 | \$ 2,846 |
| Miscellaneous | 4,359 | - |
| State Grant | - | 12,181 |
| Water Charges | - | 6,882 |
| Sewer Charges | - | 3,923 |
| Total | <u>\$ 174,111</u> | <u>\$ 25,832</u> |

The Fines and Forfeitures had an allowance for doubtful accounts in the amount of \$330,668, which has been netted against total receivable above. Historically, bad debts for other receivables have not been significant; therefore no allowance for bad debts was recorded.

NOTE 6—CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2015 are as follows:

| Governmental <u>Activities</u> | <u>Balance</u> 07/01/14 | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> 06/30/15 |
|-----------------------------------|----------------------------|------------------|------------------|----------------------------|
| Capital Assets—NonDepreciable: | | | | |
| Land | \$ 5,500 | \$ - | \$ - | \$ 5,500 |
| Capital Assets—Depreciable: | | | | |
| Furniture and Equipment | 421,706 | 60,686 | - | 482,392 |
| Land Improvements | 237,527 | - | - | 237,527 |
| Buildings | 264,618 | - | - | 264,618 |
| Total Depreciable Assets | <u>923,851</u> | <u>60,686</u> | <u>-</u> | <u>984,537</u> |
| Total Capital Assets | <u>929,351</u> | <u>60,686</u> | <u>-</u> | <u>990,037</u> |
| Less Accumulated Depreciation: | | | | |
| Furniture and Equipment | 339,040 | 37,877 | - | 376,917 |
| Land Improvements | 6,370 | 11,876 | - | 18,246 |
| Buildings | 190,607 | 4,257 | - | 194,864 |
| Total Accum. Depreciation | <u>536,017</u> | <u>54,010</u> | <u>-</u> | <u>590,027</u> |
| Net Capital Assets | <u>\$ 393,334</u> | | | <u>\$ 400,010</u> |

VILLAGE OF DODSON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

| Business-type <u>Activities</u> | <u>Balance</u> <u>07/01/14</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>06/30/15</u> |
|---------------------------------------|-----------------------------------|------------------|------------------|-----------------------------------|
| Capital Assets—Depreciable: | | | | |
| Water System Equipment | \$ 87,328 | 92,669 | - | \$ 179,997 |
| Water System Equip-In Progress | 67,716 | - | (67,716) | - |
| Water Plant | 775,220 | - | - | 775,220 |
| Sewer System Equipment | 89,592 | - | - | 89,592 |
| Sewer Plant | <u>1,598,833</u> | <u>-</u> | <u>-</u> | <u>1,598,833</u> |
| Total Depreciable Assets | <u>2,618,689</u> | <u>92,669</u> | <u>(67,716)</u> | <u>2,643,642</u> |
| Less Accumulated Depreciation: | | | | |
| Water Equipment | 73,385 | 10,895 | - | 84,280 |
| Water Plant | 167,543 | 19,381 | - | 186,924 |
| Sewer System Equipment | 80,815 | 8,777 | - | 89,592 |
| Sewer Plant | <u>920,015</u> | <u>39,971</u> | <u>-</u> | <u>959,986</u> |
| Total Accum. Depreciation | <u>1,241,758</u> | <u>79,024</u> | <u>-</u> | <u>1,320,782</u> |
| Net Capital Assets | <u>\$1,376,931</u> | | | <u>\$1,322,860</u> |

Depreciation expense for the year ended June 30, 2015 of \$54,010 is charged for Governmental activities. These charges went to the General Government function in the amount of \$24,092, Public Safety \$16,267 and \$13,651 for Public Works. Depreciation expense for the year ended June 30, 2015 of \$79,024 for the Business-type Activities the Utility Fund had \$30,276 charged to the Water expenditures and \$48,748 charged to Sewer expenditures.

NOTE 7—PENSION PLAN

All employees of the Village of Dodson, Louisiana are covered by the Social Security System. Employees contribute 6.2 percent of their total salary to the System, while the Village also contributes 6.2 percent. For the year ended June 30, 2015, the Village's portion contributed was approximately \$19,230. Any future deficit in this System will be financed by the United States Government.

NOTE 8—PENDING LITIGATION

At June 30, 2015, there were no outstanding suits noted as seeking damages against the management of the Village of Dodson.

NOTE 9—RELATED PARTIES

The Village had no identified related party transactions for the year ended June 30, 2015.

VILLAGE OF DODSON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 10—COOPERATIVE ENDEAVORS

The Village entered into a cooperative endeavor with the State of Louisiana Department of Transportation and Development to perform certain maintenance including mowing and litter pick up along the state roadways located within the Village of Dodson for the fiscal year ended June 30, 2015.

NOTE 11—COMPENSATION PAID TO THE MAYOR & BOARD OF ALDERMEN

For the fiscal year ended June 30, 2015 the following compensation was paid to the Village's management:

| | |
|---------------------|------------------|
| Loyd Vines—Mayor | \$ 43,250 |
| Verna Hollingsworth | 3,900 |
| Lydia Chamberlain | 1,625 |
| Jami Ashley | 2,275 |
| Karla Shively | <u>3,900</u> |
| Total | <u>\$ 54,950</u> |

NOTE 12—SUBSEQUENT EVENTS

Management has evaluated events through September 25, 2015, the date which the financial statements were available for issue. There were no items to be reported as subsequent events.

OTHER REQUIRED
SUPPLEMENTARY INFORMATION

VILLAGE OF DODSON
BUDGETARY COMPARISON SCHEDULE—GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

| | Budget | | Actual | Variance |
|---|------------|------------|------------|----------------------------|
| | Original | Final | | Favorable (Unfavorable) |
| Revenues: | | | | |
| Taxes: | | | | |
| Ad Valorem | \$ 7,000 | \$ 7,000 | \$ 7,852 | \$ 852 |
| Franchise | 10,000 | 10,000 | 7,121 | (2,879) |
| Licenses & Permits | 15,000 | 15,000 | 18,074 | 3,074 |
| Fines & Forfeitures | 350,000 | 350,000 | 458,253 | 108,253 |
| Charges for Services | 4,500 | 4,500 | 2,300 | (2,200) |
| Intergovernmental: | | | | |
| Grant | 153,000 | - | - | - |
| Miscellaneous: | | | | |
| Interest & Other | 5,500 | 5,500 | 12,635 | 7,135 |
| Rent | 5,500 | 5,500 | 4,925 | (575) |
| Total Revenues | 550,500 | 397,500 | 511,160 | 113,660 |
| Expenditures: | | | | |
| General Government | 353,500 | 353,500 | 397,231 | (43,731) |
| Public Safety | 119,000 | 119,000 | 113,635 | 5,365 |
| Public Works | 20,000 | 20,000 | 1,902 | 18,098 |
| Capital Outlay | 250,000 | 75,000 | 60,686 | 14,314 |
| Total Expenditures | 742,500 | 567,500 | 573,454 | (5,954) |
| Excess (Deficiency) of Revenues Over Expenditures | (192,000) | (170,000) | (62,294) | 107,706 |
| Other Financing Sources/(Uses): | | | | |
| Transfers In | - | - | 59,397 | 59,397 |
| Excess (Deficiency) of Revenues & Other Financing Sources over Expenditures & Other Financing Uses | (192,000) | (170,000) | (2,897) | 167,103 |
| Fund Balance—Beginning of Year | 386,493 | 386,493 | 386,493 | - |
| Fund Balance—End of Year | \$ 194,493 | \$ 216,493 | \$ 383,596 | \$ 167,103 |

See accountant's report.

VILLAGE OF DODSON
SCHEDULE OF COMPENSATION FOR AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2015

In accordance with Act 706 of the 2014 Legislative Session the following Schedule of Compensation, Reimbursements, Benefits and Other Payment to the Political Subdivision Head or Chief Executive Officers is presented.

The Village of Dodson is governed by a Mayor and Board of Aldermen. Their compensation as such is noted in the Note Disclosures. The additional payments noted to each of these as required per Act 706 for the fiscal year ended June 30, 2015, are as follows.

| Payee | Purpose | Amount |
|---------------------|---------------------------------|--------|
| Loyd Vines | Cell Phone | \$ 743 |
| Verna Hollingsworth | Conference-Registration | 90 |
| | Conference-Lodging | 256 |
| | Conference-Other Travel Expense | 34 |
| Lydia Chamberlain | None Additional Noted | N/A |
| Jami Ashley | None Additional Noted | N/A |
| Karla Shively | None Additional Noted | N/A |

See accountant's report.

COMPLIANCE AND OTHER MATTERS

Shanna Jones, CPA

795 Big Creek Rd
Winnfield, LA 71483
792-8544

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENTAL AUDITING STANDARDS*

Mayor & Board of Aldermen
Village of Dodson
P.O. Box 86
Dodson, Louisiana

I have audited the financial statements of the governmental activities, the business-type activities, and each major fund of Village of Dodson as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued my report thereon dated September 23, 2015. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the U.S. and the *Louisiana Governmental Audit Guide*.

Internal Control Over Financial Reporting

In planning and performing the audit, I considered the Village's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, I do not express an opinion on the effectiveness of the Village's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identify. Given these limitations, during my audit I did not identify any deficiencies in

(Continued)

internal control that I consider to be material weaknesses, as defined above. I did identify a certain deficiency in internal control, described in the accompanying schedule of audit findings as item 15-01 that I consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of Dodson's financial statements are free of material misstatement, I performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. These instances are described in the accompanying schedule of audit findings as items 15-01 and 15-02.

Response to Finding

The Village's response to the findings identified in our audit is described in the accompanying schedule of audit findings. The Village's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly I express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. This report is intended for the information and use of the Louisiana Legislative Auditor, management of the Village of Dodson and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana R.S. 24:513 this report is a matter of public record and its distribution is not limited.



Shanna Jones, CPA
Winnfield, Louisiana
September 25, 2015

Concluded

VILLAGE OF DODSON
SCHEDULE OF AUDIT FINDINGS
YEAR ENDED JUNE 30, 2015

A. SUMMARY OF AUDIT RESULTS

1. The Auditor's Report expresses an unqualified opinion on the financial statements of the Village of Dodson as of and for the year ended June 30, 2015.
2. There was one significant deficiency noted during the audit of the financial statements. This deficiency was not deemed to be a material weakness.
3. The audit disclosed two instances of noncompliance that are required to be reported under *Government Auditing Standards*.

B. FINDINGS IN ACCORDANCE WITH *GOVERNMENTAL AUDITING STANDARDS*

Compliance

15-01 Compliance with Regulatory Statues—Cash Deposits

Finding—Louisiana R. S. 39:1212 requires daily cash deposits where practical. The Village had theft of funds during the fiscal year.

Recommendation—Although a safe is helpful it was proven ineffective in the theft during fiscal year ended June 30, 2015, especially since the local authorities, including the parish authorities, recovered some but not all of the monies. It is recommended that the Village make daily deposits to their financial institution.

Management's Response—We believed a safe would be sufficient between deposits but now will make daily deposits as practical and required by Louisiana R. S. 39:1212.

15-02 Compliance with Regulatory Statues—Flower Purchases

Finding – Noted payments coded as supplies which appear to be for flowers. Article VII, Section 14 of the Louisiana Constitution generally prohibits the donation of public funds.

Recommendation: These payments should be reimbursed to the general fund unless exceptions also listed within the Article apply and no further payments as such should be made.

Village's Response: The Village acknowledges responsibility not to spend public funds on prohibited activities.

VILLAGE OF DODSON
SCHEDULE OF AUDIT FINDINGS (continued)
YEAR ENDED JUNE 30, 2015

C. PRIOR YEAR FINDINGS

Compliance

14-01 Compliance with Regulatory Statutes

Finding—In the course of audit noted that the Village collected Public Improvement Bond Tax during fiscal year ended June 30, 2014, though related bonds were paid off early during prior fiscal year ended June 30, 2013.

Recommendation—It is recommended that the Village of Dodson contact their attorney regarding the possible liability in connection with the collection of public improvement bond tax monies after early repayment of said bonds.

Management's Response—In an effort to save the Village money we paid off the bonds. We consulted an attorney regarding bond tax monies collected for fiscal year ended June 30, 2014. He advised to use the funds in the manner in which they were designated, in this case for the operations of the water fund, which we did.

14-02 Compliance with Local Government Budget Act

Finding – Actual expenditures exceeded budgeted expenditures by more than 5% variance allowable.

Recommendation—It is recommended that the Village of Dodson institute procedures to ensure the budget is reviewed and amended whenever actual revenues are less than budgeted revenues and/or actual expenditures are more than budgeted expenditures by variance of 5% allowed.

Management's Response—Management will review expenditures more closely and amend budget if either actual revenues or actual expenditures do not meet the 5% variance allowed. In addition the Village has implemented an automated system which can be reviewed by an accounting firm. Management hopes this will help to ensure timely review for necessary changes.

14-03 Segregation of Duties

Finding—Auditor's evaluation of internal control revealed an absence of appropriate segregation of duties. This lack of segregation of duties could lead to intentional or unintentional errors which may not be detected within the accounting system.

Recommendation— Since the costs associated with establishing an appropriate system of internal control should not outweigh the benefits derived from it, I do not have a recommendation to make.

Management's Response —Management feels it is not economically feasible to add sufficient number of employees to adequately segregate duties. However, an automated accounting system has been implemented and an accounting firm has been hired to review data.

VILLAGE OF DODSON
LOUISIANA LEGISLATIVE AUDITOR'S FINDING TEMPLAT FOR REPORTING
FRAUD AND MISAPPROPRIATIONS
YEAR ENDED JUNE 30, 2015

| # | ELEMENT OF FINDING | RESPONSE |
|----|--|--|
| 1 | A general statement describing the fraud or misappropriation that occurred. | 15-01 Daily Cash Deposits 15-02 Donation |
| 2 | A description of the funds or assets that were the subject of the fraud or misappropriation (ex., utility receipts, petty cash, computer equipment). | 15-01 Cash not deposited daily to bank. Theft of funds occurred. Police recovered some but not all. 15-02 Supporting documentation for checks #7626, 7091 & 6687 stated funeral arrangements/flowers. |
| 3 | The amount of funds or approximate value of assets involved. | 15-01 \$1,512.24 Unrecovered 15-02 \$449.63 Total noted |
| 4 | The department or office in which the fraud or misappropriation occurred. | General Fund |
| 5 | The period of time over which the fraud or misappropriation occurred. | Fiscal Year |
| 6 | The title/agency affiliation of the person who committed or is believed to have committed the act of fraud or misappropriation. | 15-01 Unknown, police investigated with help of Sheriff per client 15-02 Management of Village |
| 7 | The name of the person who committed or is believed to have committed the act of fraud or misappropriation, if formal charges have been brought against the person and/or the matter has been adjudicated. | Both 15-01 & 15-02 Charges unknown, however writing notification to DA as required, including that police investigated theft. |
| 8 | Is the person who committed or is believed to have committed the act of fraud still employed by the agency? | 15-01 No, per client regarding police investigation 15-02 Yes |
| 9 | If the person who committed or is believed to have committed the act of fraud is still employed by the agency, do they have access to assets that may be subject to fraud or misappropriation? | 15-01 Thief/(thieves) unidentified. 15-02 Yes, although checks require 2 signatures. |
| 10 | Has the agency notified the appropriate law enforcement body about the fraud or misappropriation? | Yes, notifying DA of both. Village notified police of #1. |

VILLAGE OF DODSON
LOUISIANA LEGISLATIVE AUDITOR'S FINDING TEMPLAT FOR REPORTING
FRAUD AND MISAPPROPRIATIONS (CONTINUED)
YEAR ENDED JUNE 30, 2015

| # | ELEMENT OF FINDING | RESPONSE |
|----|--|--|
| 11 | What is the status of the investigation at the date of the auditor's/accountant's report? | Unknown |
| 12 | If the investigation is complete and the person believed to have committed the act of fraud or misappropriation has been identified, has the agency filed charges against that person? | 15-01 Status unknown, none located 15-02 N/A |
| 13 | What is the status of any related adjudication at the date of the auditor's/accountant's report? | N/A |
| 14 | Has restitution been made or has an insurance claim been filed? | 15-01 Yes, filed on insurance but denied-claim not covered 15-02 Management indicated would repay funds but had not as of this date. |
| 15 | Has the agency notified the Louisiana Legislative Auditor and the District Attorney in writing, as required by Louisiana Revised Statute 24:523 (Applicable to local governments only) | Yes I am notifying DA in writing and this serves as notice to LA Legislative Auditor |
| 16 | Did the agency's internal controls allow the detection of the fraud or misappropriation in a timely manner? | 15-01 Yes 15-02 Agency aware of checks written |
| 17 | If the answer to the last question is "no," describe the control deficiency/significant deficiency/material weakness that allowed the fraud or misappropriation to occur and not be detected in a timely manner. | N/A, although not depositing daily could have allowed fraud or misappropriation to occur and not be detected timely. |
| 18 | Management's plan to ensure that the fraud or misappropriation does not occur in the future | 15-01 Management is now aware deposits need to be made daily 15-02 Management has been notified that donations through public funds are a violation of state law. |